

Honolulu, Hawaii

APR 01 2014

RE: H.B. No. 716
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 716, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DISCIPLINARY AUTHORITY OF
THE BOARD OF PUBLIC ACCOUNTANCY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that the Board of Public Accountancy may take one or more disciplinary actions for violations of public accountancy regulatory law;
- (2) Repeal the maximum amount of time for which the Board of Public Accountancy may suspend or refuse to renew a license or permit; and
- (3) Increase the amount of the administrative fine that may be imposed for any violation of public accountancy regulatory law.

Your Committee received testimony in support of this measure from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs and Board of Public Accountancy.

Your Committee finds that a state court has determined that the Board of Public Accountancy (Board) is allowed to impose only one disciplinary sanction against a public accountant licensee in a disciplinary action. For example, the Board can suspend a

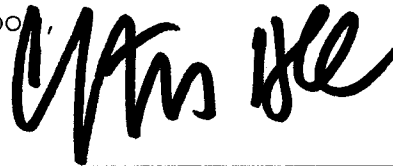


license but cannot also order a fine, restitution, or continuing professional education. The court's interpretation does not reflect the intent of the Board and is inconsistent with the disciplinary authority of other boards and regulatory programs. Accordingly, this measure explicitly authorizes the Board to impose one or more disciplinary actions, when appropriate, for violations of the public accountancy licensing statutes.

Your Committee further finds that this measure increases the maximum administrative fine that the Board may impose for a licensing or permitting violation. The current amount has not been increased since the fines were established in the 1980s and is inconsistent with fines currently imposed for violations in other professions and trades. The increased fines, as proposed by this measure, will serve as a more meaningful deterrent or sanction for egregious violations of public accountancy laws. This measure therefore benefits consumers by encouraging increased compliance by certified public accountants, public accountants, and public accounting firms with the public accountancy licensing statute and by aiding the enforcement efforts of the Regulated Industries Complaints Office.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 716, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



Record of Votes
Committee on Judiciary and Labor
JDL

*Only one measure per Record of Votes